

Professional Privilege Tax

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In 1992, the General Assembly of the State of Tennessee declared that engaging in certain vocations, professions, businesses and occupations was a privilege taxable by the state. Governor Ned McWherter then signed into law the Professional Privilege Tax, and the Department of Revenue began collecting the tax from persons engaged in the professions determined to be taxable by the General Assembly. A number of professionals in Tennessee are subject to the tax, including accountants, attorneys, physicians, real estate brokers, securities broker-dealers and a number of other licensed professionals. In 2002, the General Assembly raised the amount of the annual tax from \$200 to \$400. In addition, full-time State of Tennessee employees were exempted from the tax (2002 Tenn. Pub. Acts 856, § 7).

All pharmacists licensed in Tennessee and in active practice as of June 1 in a given year are required by State law to pay to the State of Tennessee a professional privilege tax in the amount of \$400. The tax is collected by the Commissioner of Revenue, and all monies collected thereunder are deposited in the general fund. This law applies to all persons licensed to practice the profession of Pharmacy as of June 1st of that year, whether or not they are Tennessee residents.

Under applicable law and pursuant to a Board policy, certain licensees may qualify for inactive/retired status for the purpose of claiming an exemption from the tax. A licensee who does not engage in any activity constituting the practice of pharmacy may claim inactive/retired status by filing a written request on a notarized form provided by the board to that effect with the Board. Once the request establishing inactive/retired status is acknowledged and approved by the Board, the licensee should notify the Department of Revenue of his or her inactive/retired status. A licensee may return to active status by first notifying the Board. The Board will also file with the Department of Revenue all the requests for inactive/retired status which it receives prior to the June 1 deadline.

In claiming inactive/retired status, the licensee should be aware of a number of factors. In order to qualify for exemption from the tax, the

licensee must claim inactive/retired status prior to June 1; a return to active status at any time during the year will render the licensee subject to the tax. Practice includes the public use of the titles "pharmacist, Registered Pharmacist, Doctor of Pharmacy" or any other title implying that the individual is a pharmacist and any offer to render any services defined as the Practice of Pharmacy in this state.

If a licensee claims inactive/retired status for the purpose of avoiding the professional privilege tax and thereafter continues to engage in the active practice or any activity construed by the Board to be active practice, that licensee may be found guilty of misconduct and be subject to disciplinary action, which could include the assessment of substantial civil penalties and/or the suspension or revocation of the licensee's certificate of registration.

A licensee claiming inactive/retired status is still subject to the biennial renewal fee of his or her certificate and will continue to receive the renewal notifications.

The request form for inactive status is available from the Board office at 615-741-2718.

For questions regarding the tax, registrants may contact the Department of Revenue . Their website is located at www.state.tn.us/revenue, or Taxpayer Services Division at 800-342-1003 (in-state only) or 615-253-0600.

The Tennessee Board of Pharmacy has issued a policy statement on registrants who may qualify for “inactive/retired” status for the purpose of claiming an exemption from the professional privilege tax established by Tennessee Code Annotated §67-4-1701 et seq., as amended by Chapter 856, Section 7, of the Public Acts of 2002.

It is the Board’s position that a licensee who does not engage in any activity constituting the practice of pharmacy, as provided in *Tennessee Code Annotated*, Title 63, Chapter 10, may claim “inactive/retired” status by submitting an affidavit to the Board and reporting such “inactive/retired” status to the Tennessee Department of Revenue. Before resuming “active” practice a registrant who has claimed “inactive/retired” status must give written notice to the Board.

Licensees who are considering the possibility of making a claim to “inactive/retired” status are advised of the following:

1. A claim to “inactive/retired” status must be made prior to June 1 to qualify for an exemption from the privilege tax.
2. A return to “active” status will render a registrant subject to the privilege tax.
3. Misrepresentation of “inactive/retired” status or the practice of pharmacy while on “inactive/retired” status will be considered unprofessional conduct and subject to disciplinary action by the Board.
4. “Practice” includes (but is not limited to) the public use of the titles “pharmacist, registered pharmacist, Doctor of Pharmacy,” or any other title implying that an individual is a pharmacist
5. “Practice” also includes any proposal for pharmacy services in this state; any offer to the public to perform such services in this state; and providing such services to the public in this state.
6. A registrant who has claimed “inactive/retired” status must still renew his/her certificate of registration and pay the renewal fee.

In claiming “inactive/retired” status, the attached form must be returned to the Board office prior to June 1, bearing an original, notarized signature of the registrant.

Policy of Tennessee State Board of Pharmacy as to "Inactive/Retired" Status for Purpose Of Claiming an Exemption from Professional Privilege Tax

The Tennessee State Board of Pharmacy, construes Tennessee Code Annotated §67-4-1701 et seq., as amended by Chapter 856, Section 7, of the Public Acts of 2002, to permit licensed pharmacists who are not actively engaged in the practice of their respective professions in the State of Tennessee to claim an exemption from the professional privilege tax established therein by presenting the Board with a notarized statement attesting to such inactive/retired status. The Board interprets the term "inactive/retired" to preclude any activity constituting the practice of pharmacy requiring licensing under the provisions of Tennessee Code Annotated, Title 63, Chapter 10.

Any licensee who has claimed "inactive/retired" status in the manner described above may not engage in any activity constituting the practice of pharmacy in the State of Tennessee requiring licensing under Tennessee Code Annotated, Title 63, Chapter 10, without first notifying the Board as to a change to "active" status.

Any licensee who misrepresents his or her "inactive/retired" status or, after having claimed "inactive/retired " status, engages in the practice of pharmacy in this state without giving prior written notification to the Board as to a change to "active" status, shall be deemed to be guilty of unprofessional conduct in the practice of the profession for the purposes of Tennessee Code Annotated, Section 63-10-505, and subject to disciplinary action by the Board.

Form For Establishing Inactive/Retired Status

STATE OF _____)

COUNTY OF _____)

I, _____, **License No.** _____, hereby certify that: I do not engage in the practice of pharmacy in the State of Tennessee in that I do not engage in any of the activities requiring me to be licensed as a pharmacist under Tennessee Code Annotated, Title 63, Chapter 10, and that I have read and understand the above-stated policy of the Tennessee State Board of Pharmacy as to attesting to "inactive/retired" status for the purpose of claiming an exemption from the professional privilege tax established in Tennessee Code Annotated §67-4-1701 et seq., as amended by Chapter 856, Section 7, of the Public Acts of 2002.

SIGNATURE

SWORN TO AND SUBSCRIBED to before me
this _____ day of _____, _____ .

NOTARY SIGNATURE

My Commission Expires: _____